SO LONG, FAREWELL

When leaving a job, the chances of burning bridges are high. This is especially true for finance directors, particularly if their exit is abrupt or not planned well. Christian Doherty finds out the best way to leave a position

Much like death and taxes, moving jobs is one of life's certainties. Whether it is a carefully timed and planned exit or an abrupt and unexpected departure, the chances are that every financial director (FD) will reach a point when it's time to go. Exits can be gracious and amicable, but can also leave a bad taste in the mouths of those left behind or sour your reputation in the eyes of prospective employers if handled badly.

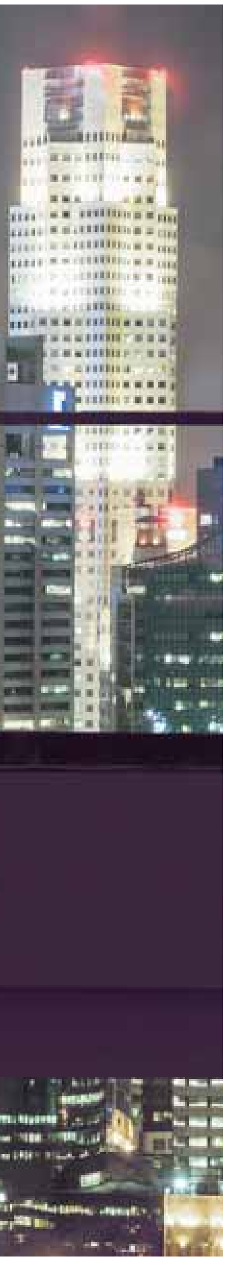
Take Andrea Orcel, who was chosen by Santander to be its new CEO in 2018. Unbeknownst to the bank, Orcel's contract with UBS stipulated against joining a rival. The move quickly turned ugly. UBS demanded Orcel see out his full gardening leave period while refusing to pay out his deferred bonuses of around €50m. A chastened Santander then rescinded the offer – due to the expense of having to cover the deferred awards – and Orcel responded with a lawsuit for the 'lost' income of €100m. Always leave them wanting more? Not quite.

So how can you ensure your departure is met with regret and best wishes, and avoid leaving noses out of joint and prospective employers wary of bringing you on board?

IT'S GOOD TO TALK

"A lot of this depends on the relationship you have with the people you work with," says Mark Freebairn, head of the financial management practice at Odgers Berndtson. "In an ideal world, you'd be open with your internal mentors about your career ambitions, which will allow them to help explore what the right internal moves are for you."

Central to that is fostering a trusted and transparent atmosphere that recognises the need for most good FDs to look externally to continue to



GETTY

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develop a career at pace. Simply put, there needs to be a mature relationship in place. "If you can achieve that, then actually you're going to have really open dialogue." says Freebairn.

So what does this look like in practice? "We recruited someone into their first main board plc role, and when it became apparent the job was there, the boss sat down and said: 'Look, I know you're going to apply for this. I think you should apply for it. I'll support you through it. Any advice you want before the interview, just let me know'. Because of that, the boss was fully informed through the entire appointment process." The board knew he was going to resign before he did it, and put a contingency plan in place to cover the workload.

Having embraced full disclosure, Freebairn reports the finance leader in question worked every day of their notice: "And he's working as hard as he has done for the past seven years within the organisation because he's incredibly grateful for the loyalty and the support that his boss showed him. That is how it can work."

AVOID NASTY SURPRISES

However, it's fair to say that not every departure is as smooth and amicable. As Freebairn notes, when you ultimately decide to leave a job, there is an unavoidable undercurrent of rejection that can be hard to deal with that demands careful handling.

"There's something about the way in which you explain the rationale for leaving with calmness," he explains. By setting out the circumstances – that it's a good career move, that you'd stay if the company could offer you the equivalent, and you understand that your also-ambitious boss has had to make similar decisions to move on in their career – you can make it clear that it's a professional decision.

In short, all our experts agreed: there are ways of leaving with enough humility and grace that you can mitigate the chances of the person you are talking to having a temper tantrum.

And part of that is to make sure your departure does not come as a horrible shock that leaves your board and team in the lurch. "I agree that you should be having open engaged conversations and managing situations so that you're not giving nasty surprises to people at bad times," says Suzzane Wood, senior consultant at Russell Reynolds, who has seen a few messy departures during her recruitment career.

"An example of that would be one CFO who stood up in front of the City to present a set of results and announce the new strategy they would be pursuing, talking about their part in taking that to the next stage for this business, only to resign immediately after they stepped down off the stage to go to another company."

LEAVE THEM WANTING MORE

Wood points out that getting the departure right can have just as much bearing on an FD's reputation as anything they achieved while in the role. "How you start at and leave a company directly impacts your reputation. So bad timing and nasty, unwelcome surprises will follow you."

It is also impossible to dress up a difficult departure in nice language. If you are leaving a company in the lurch, simply serving out your notice period does not work, Wood says.

So, CFOs must take into account what it is they are leaving behind, and aim to make the transition as orderly and painless as possible. That includes properly scoping out the key events to be managed during the notice period. That list should include the tasks that may be left undone, with clear instructions on how they can be managed going forward.

"Doing that shows that you're considering the impact of your decision on others and the organisation to ensure that you're not leaving an unholy mess," says Wood.

SUCCESSION PLANNING IS THE KEY

In an age of greater stakeholder engagement and oversight, any company finding itself without a figurehead for the finance function will attract

HOW TO EXIT GRACEFULLY (AND RETURN)

Andy Martin was the deputy CFO at Compass before leaving to take on his first main board role at travel firm First Choice, where he stayed for four years. His return to Compass took many by surprise but, according to Mark Freebairn head of the financial management practice at Odgers Berndtson, First Choice would have "taken him back in a heartbeat".

"That's a mature way of managing your career development," Freebairn explains. "He was incredibly gracious on his way out of Compass, left the door wide open, was very complimentary about the organisation and the environment. He got to First Choice saying, 'I've come from a large corporate firm. You're going to be an amazing environment for me to learn my trade as a plc finance director but unless you develop me, at some point I'm going to move'.

"The fact that he retained the relationship with Compass meant that they came and asked him whether or not he'd come back. There's absolutely no reason why everyone can't do that."

unwanted attention. After all, what does it say about a company that cannot adequately handle the departure of such a senior figure as the CFO?

Freebairn recalled placing a CFO into a plc role, who, on arrival, told the chairman that they would only be there for five years. The chairman shrugged this off but, four years in, the CFO turned around and said: "You need to start thinking about my succession planning because I'm approaching my five-year anniversary and then I'm leaving".

Panic ensued, with the chairman desperately casting around for a replacement in a market where things move slowly and stakeholders do not take kindly to companies operating without a CFO. As a result, audit committees have become increasingly focused on the need for senior executives to undertake succession planning in recent years.

A survey of 1,100 CFOs by Robert Half Management Resources in the US revealed that only 52% of finance leaders said they have identified a successor for their position. However, of the respondents that did not have a succession plan, 64% said it was because they were not planning to leave the company in the near future.

Preparing your successor can go a long way to mitigating the disruption that your departure may create. It should also encourage your employer to offer greater flexibility over the terms of your exit, notes Simon Bailey, a partner at the financial officers practice at The Inzito Partnership. "I think it's increasingly recognised that CFOs need to try to groom their successor, even if that person doesn't ultimately end up with the job.

"Companies will compromise if they feel the situation is managed and they're not going to suffer," he adds. "For example, has a CFO groomed their successor internally? Is there somebody who can hold the fort? Maybe they're not a permanent replacement but they can take their hand as a holding plan."

Bailey cites the recent example of AA CFO Martin Clarke, who departed suddenly to join nascent political party Change UK. Despite the apparent surprise nature of the move, the AA was able to have someone step into the role on an interim basis until a new CFO could be hired. "Had the AA or Clarke not been sufficiently on top of his game to hire someone of the weight to do that, as a deputy CFO, that would have made for a much more difficult set of circumstances."

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BUILDING CONFIDENCE

Departures, whether expected or not, are much less disruptive if the business has confidence in the replacement, argues Bailey.

"If they have someone who's able to step up on an interim basis, then that will enable their exit more quickly and be a much smoother transition for the company.

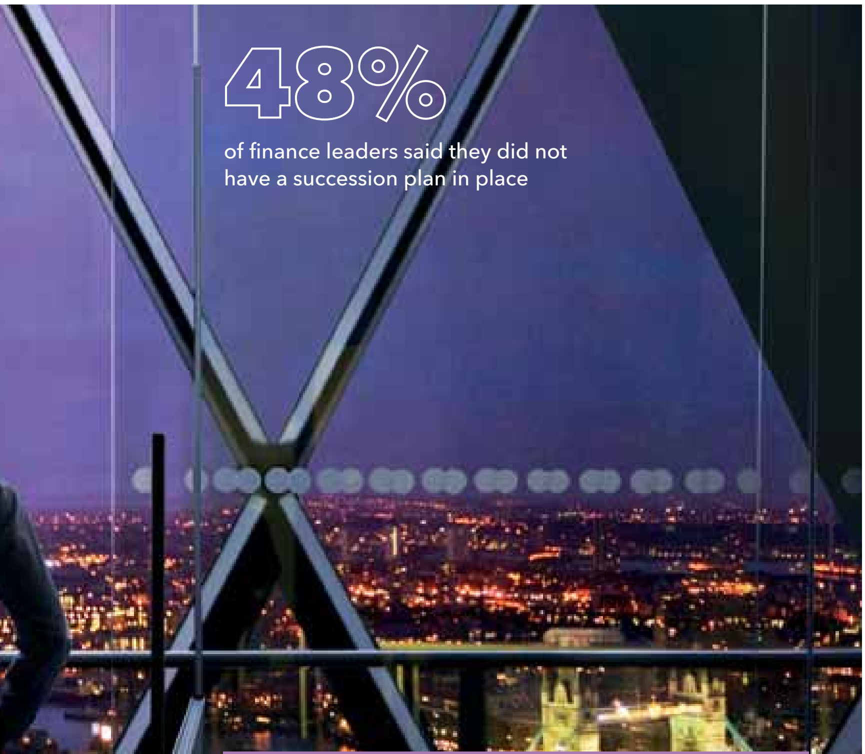
"You see lots of situations where people do that well and actually go on to CFO jobs elsewhere, even if they're not successful in the job in question."

Wood agrees and says good succession planning requires a healthy dose of one important quality: humility. "That's the sign of a successful executive anyway – that they hire people better than themselves. Increasingly, best practice focuses on planning succession more actively.

"That's why they are probably moving a bit quicker as well. They're able to say, 'And this number two is ready to take over so I think I've done as much as I can do here. I think this person's perfect for the next stage of what you're doing', and people are having those open discussions."

BEWARE THE COUNTER-OFFER

Let's assume you have announced that you would like to leave. Reactions may vary from veiled glee to genuine sadness. In those latter cases, it may be that your employer tries to convince you to stay by



48%

of finance leaders said they did not have a succession plan in place

GET THE CONTRACT RIGHT

CFOs will know better than most that the devil can be in the detail. And that goes double for an employment contract. "Make sure you look carefully at what you're signing up to," urges Suzzane Wood, senior consultant at Russell Reynolds. "In the past there's been an indication that the wider a restriction on the companies you can work for, the harder it was to enforce.

There has been a recent increase in cases of businesses actively enforcing CFO contracts with more rigour, so it pays to check your non-compete clause and your notice periods. "We're finding that people are being held to their notice periods until a successor has been lined up, and notice periods have got longer," says Wood. "Whereas in the past you did see goodwill being exercised, now we're seeing a more legalistic approach."

The need for smooth handover has never been more urgent. Consider the story of a public company CFO who resigned and found themselves on gardening leave; during that period, they were asked not to come into the office. Only when an accounting issue emerged, the board realised it had effectively been without its CFO in charge of handling the data for a significant period.

"So boards have learned that you can't really not have a CFO at the helm checking the detail, being all over the controls, and they're therefore more likely to keep you on your notice period in the office engaged until they get a successor," Wood explains. "They can't afford that gap. Reputationally, boards don't want to be exposed on such an important area."

presenting you with a counter offer. Typically that will involve more money, perhaps a promise of a promotion or greater responsibility.

At the very highest level, corporate governance rules make a golden handcuff offer less viable these days. "The RemCo scrutiny for executive pay means it's not within the gift of a CEO or a board to say, 'Actually we'd like to increase the CFO's pay by £50,000.' 'Why are you doing that?' 'Oh well he/she wants to leave'," explains Wood.

Further down the food chain, however, the board may indeed feel that the FD can be persuaded to stay by offering more money. But Mark Freebairn urges caution, arguing that no decent long-term relationship can be built on the threat to resign.

"It begs the question: why did I have to resign to force you to do this? However, you need to be aware that you only get to do that once. If I resign and you promote or move me, great, but I can only resign on the basis that I would leave if you didn't move me, otherwise I've lost any power in our relationship forever."

TAKE THE CHAIR

Managing those relationships comes naturally to some. And keeping the CEO on side can sometimes be a real struggle. It may be that one of the reasons for a finance chief leaving a company involves their relationship with the CEO – they may feel their path is blocked, or that their visions for the business's future are fundamentally misaligned. The closeness (or otherwise) of the CEO/CFO relationship can prove detrimental to a clean exit. Where, then, to turn?

"Use the chair – that's his job," says Sarah Hunt, founder of Equity FD, a boutique firm placing FDs and financial controllers into private equity portfolio companies. "These sorts of issues and conversations can benefit from a good chair as it avoids getting in the hair of the chief executive. So develop that relationship because it will allow you to air things in a safe discreet way."

Freebairn agrees: "It is an incredibly small world and how you act on the way out at a point when people's emotions are running high, how hard you work, how dedicated you are, how little you take the mickey in a situation where you could do, will all determine to a reasonably large extent your memory within the organisation," he says. "In a small world, if you're good at what you do, it is highly likely that at some point in the future you will run across someone who remembers what you were like. So bear that in mind when you're planning your departure." ●

What was your experience of taking your career to the next level? How have you helped the next generation of FDs step up? Talk about it on Twitter **@ICAEW_FinMan** using the hashtag **#BAMVIEW_career**